

Message Text

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PAGE 01 STATE 131614
ORIGIN NEA-07

INFO OCT-01 SS-14 ISO-00 EB-03 PRS-01 INR-05 NSC-05
NSCE-00 TRSE-00 L-01 OMB-01 SP-02 SSO-00 INRE-00
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DRAFTED BY NEA:SSOBER:SKG
APPROVED BY E:RCOOPER
EB:PBOEKER
S/S SESTEINER

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FM SECSTATE WASHDC
TO AMEMBASSY JIDDA IMMEDIATE

C O N F I D E N T I A L STATE 131614

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, OPEC

SUBJECT: SAUDI OIL PRICES

REF: (A) STATE 130415, (B) STATE 131525

1. REF (A) PROVIDED INFORMATION ON CONTINUING U.S. POLICY REGARDING OIL PRICES IN AFTERMATH OF FAHD VISIT. REF (B) FORWARDS GUIDANCE PREPARED (BUT NOT USED) FOR USE BY DEPARTMENT SPOKESMAN TO ANSWER QUERIES ARISING FROM WASHINGTON POST STORY JUNE 7 ON DECISION, REPORTED BY MIDDLE EAST ECONOMIC SURVEY, BY SAG TO INCREASE OIL PRICES BY 5 PERCENT IN JULY.

2. YOU SHOULD BRING PROPOSED PRESS GUIDANCE (REF (B)) TO ATTENTION OF APPROPRIATE SAUDI OFFICIAL OR OFFICIALS. YOU
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SHOULD SAY THAT WE WERE SURPRISED BY REPORTED MEES STORY, PURPORTING TO RECOUNT A SAG DECISION ON EARLY PRICE INCREASE WHICH WOULD GO BEYOND SAUDI THINKING AS U.S. OFFICIALS UNDERSTOOD IT IN COURSE OF PRINCE FAHD'S RECENT VISIT HERE. WE RECOGNIZE THAT MEES STORY MAY BE ONLY ANOTHER IN SERIES OF SPECULATIVE REPORTS OF SAUDI PRICING INTENTIONS WHICH WE HAVE SEEN IN RECENT MONTHS AND WHICH

HAVE PROVEN TO BE INCORRECT.

3. YOU SHOULD ADD THAT WE HAVE ALSO NOTED MEES REPORT TO EFFECT THAT SAG IS BASING PURPORTED OIL PRICE INCREASE DECISION ON "COLLAPSE" OF CIEC. IT HAS BEEN OUR IMPRESSION THAT SAG DOES NOT CONSIDER CIEC TO HAVE BEEN A FAILURE ANY MORE THAN WE DO, DESPITE OBVIOUS FACT THAT IT DID NOT COME UP TO OUR EXPECTATIONS AND HOPES IN SOME RESPECTS. U.S. DELEGATION AT RECENT CIEC MINISTERIAL HAS HIGHEST APPRECIATION FOR UNDERSTANDING SHOWN BY SAUDI DELEGATION AND STRONG COOPERATION BY BOTH OUR SIDES IN SEEKING TO ACHIEVE CERTAIN OBJECTIVES AT PARIS WHICH WE AGREED WOULD SERVE CONTINUING NEEDS OF THE WORLD COMMUNITY.

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Message Attributes

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Copy: SINGLE
Sent Date: 08-Jun-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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TAGS: ENRG, SOPN, SA, OPEC
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